

AMENDED IN SENATE MAY 27, 2005
AMENDED IN SENATE APRIL 19, 2005
AMENDED IN SENATE MARCH 30, 2005

SENATE BILL

No. 350

Introduced by Senator Machado
(Principal coauthor: Senator Perata)
(Principal coauthor: Assembly Member Wolk)
(Coauthors: Senators Kuehl and Torlakson)
(Coauthor: Assembly Member Pavley)

February 16, 2005

An act to add Part 12 (commencing with Section 12999.25) to Division 6 of the Water Code, relating to water, *and making an appropriation thereof*.

LEGISLATIVE COUNSEL'S DIGEST

SB 350, as amended, Machado. San Joaquin River restoration and water management.

~~Under~~

(1) *Under* existing federal law, the federal Bureau of Reclamation operates the Central Valley Project and appropriates water for the beneficial uses of that project pursuant to permits granted by the State Water Resources Control Board and subject to specified state laws.

This bill would establish the San Joaquin River Fund in the State Treasury. The bill would require the Secretary of the Resources Agency, upon appropriation by the Legislature, to ~~expend the money in the fund~~ *make grants available* for projects that ~~(1)~~ (A) improve habitat and physical conditions in and along the San Joaquin River to facilitate the restoration of streamflows and native anadromous fish

populations or—(2) (B) result in the acquisition of cost-effective replacement water supplies and related actions.

(2) *Under existing law, various bond acts have been approved by the voters to provide funds for water projects, facilities, and programs. The Costa-Machado Water Act of 2000 authorizes, for the purposes of financing a safe drinking water, water quality, watershed protection, and flood protection program, the issuance of bonds in the amount of \$1,970,000,000, of which \$180,000,000 in the Interim Reliable Water Supply and Water Quality Infrastructure and Management Subaccount, upon appropriation by the Legislature to the Department of Water Resources, is (A) authorized to be expended by the department for grants or loans to local agencies located in the delta export service areas, as defined, for water supply, water supply reliability, or water quality purposes, and (B) required to be used by the department to provide grants for programs or projects located outside the delta that meet any of certain requirements.*

This bill would appropriate \$9,160,000 from that subaccount to the department, for grants consistent with the grant program described in (1) above.

Vote: majority. Appropriation: ~~no~~-yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) The San Joaquin River is one of California's largest rivers
- 4 and one of two major tributaries to the San Francisco
- 5 Bay/Sacramento-San Joaquin Delta Estuary, an estuary of
- 6 international significance and the source of drinking water for
- 7 more than 22 million Californians. The river is also a vital
- 8 ecological and recreational resource that once supported one of
- 9 the largest salmon populations on the Pacific Coast, and
- 10 contributed substantially to California's commercial and
- 11 recreational fishing industries.
- 12 (b) The water quality and ecological health of the San Joaquin
- 13 River are severely degraded, largely due to operations of the
- 14 federal Central Valley Project (CVP) over the past 50 years,
- 15 including diversions from Friant Dam, which cause long
- 16 stretches of the river to dry up in most years and which extirpated

1 the river's historic salmon fishery above the confluence of the
2 Merced River. These CVP operations have caused or exacerbated
3 chronic water quality and water supply problems in the lower
4 San Joaquin River and delta region, adversely impacting the
5 agricultural economy and communities in that area, as well as the
6 more than 22 million Californians who depend on the delta for
7 their drinking water.

8 (c) Improving water quality in the San Joaquin River and
9 restoring flows and ecological health to the river between Friant
10 Dam and the delta will provide broad environmental, water
11 quality, economic, and social benefits to millions of Californians
12 and is in the best interests of the State of California.

13 (d) CVP water supply operations, including diversions from
14 the San Joaquin River, also play a significant role in the regional
15 water supply that sustains the agricultural economy of the
16 southern San Joaquin Valley. It is the intent of the Legislature to
17 promote proven, cost-effective water management strategies to
18 ensure that the San Joaquin River and other regional water
19 supplies are managed to provide multiple benefits, including both
20 restoration of the river and maintenance of a strong agricultural
21 economy. Toward that end, this act provides for substantial
22 investments in restoration of the river, replacement of water
23 supplies, and improved water management strategies to avoid or
24 minimize potential adverse effects on Friant Division CVP
25 contractors, agricultural communities, and farmworkers in the
26 southern San Joaquin Valley.

27 (e) The Legislature acknowledges that pending federal court
28 litigation will resolve issues relating to the compliance of Friant
29 Dam operations with certain environmental and fishery
30 protection laws. This act is not intended to affect that litigation,
31 or any other litigation. However, funding made available by this
32 act may be used to support or supplement efforts to implement
33 any final judgment or settlement in that case or other related
34 restoration activities consistent with the purposes set forth in this
35 act.

36 SEC. 2. Part 12 (commencing with Section 12999.25) is
37 added to Division 6 of the Water Code, to read:

PART 12. SAN JOAQUIN RIVER RESTORATION AND
WATER MANAGEMENT

12999.25. (a) The San Joaquin River Fund is hereby established in the State Treasury. There shall be deposited in the fund all moneys appropriated to the fund and all income derived from the investment of moneys that are in the fund.

(b) Money deposited into the fund shall be ~~for the purposes of restoring~~ *used for either of the following purposes:*

(1) *Restoring* water flows and ecological health to the San Joaquin River, ~~and concurrently developing.~~

(2) *Developing* replacement water supplies and improved water management strategies and practices to facilitate restoration while avoiding or minimizing potential adverse water supply impacts on long-term contractors of the Friant Division of the Central Valley Project *and avoiding or minimizing potential economic impacts on farmworkers.*

(c) *The Resources Agency shall develop solicitation and evaluation guidelines for the implementation of this part. The agency shall award grant funds on a competitive basis.*

~~(e)~~

(d) The Secretary of the Resources Agency, upon appropriation by the Legislature, shall ~~expend the money in the fund~~ *make grants available* for projects that meet either of the following requirements:

(1) Improve habitat and physical conditions in and along the San Joaquin River in order to facilitate the expeditious restoration of streamflows and native anadromous fish populations from Friant Dam to the delta, with associated water quality benefits for the lower San Joaquin River and the delta.

(2) Result in the acquisition of cost-effective replacement water supplies, and related actions, including water acquisitions from willing sellers, transfers, and exchanges, to achieve increased releases of water from Friant Dam for the purposes described in subdivision (b).

(e) *Notwithstanding any other provision of this part, a project involving land fallowing or land retirement shall not be eligible for grant funds pursuant to this part.*

~~(d)~~

1 (f) The secretary shall manage the fund to ensure that
2 expenditures for restoration and water supply projects, to the
3 greatest extent practicable, are equal.

4 ~~(e)~~

5 (g) The secretary may receive financial contributions on behalf
6 of the fund from any state, federal, local government, or
7 nongovernmental entities.

8 ~~(f)~~

9 (h) Any voter approved bond funds appropriated to the fund
10 shall be expended in a manner that is consistent with voter intent
11 for the expenditure of those funds.

12 ~~(g)~~

13 (i) This part shall not be construed to affect the resolution of
14 any pending legal ~~issues~~ *issue* in any litigation involving San
15 Joaquin River restoration.

16 ~~(h)~~

17 (j) (1) This part shall not be implemented so as to affect the
18 resolution of any pending legal issue in any litigation involving
19 San Joaquin River restoration.

20 (2) This part may be implemented to support or supplement
21 efforts to implement any final judgment or settlement in any
22 litigation involving San Joaquin River restoration, consistent
23 with the purposes of this part.

24 *SEC. 3. (a) The sum of nine million one hundred sixty*
25 *thousand dollars (\$9,160,000) is hereby appropriated from the*
26 *Interim Reliable Water Supply and Water Quality Infrastructure*
27 *and Management Subaccount, established by Section 79205.4 of*
28 *the Water Code, within the Safe Drinking Water, Clean Water,*
29 *Watershed Protection, and Flood Protection Bond Fund, to the*
30 *Department of Water Resources for the provision of grants for*
31 *purposes of Part 12 (commencing with Section 12999.25) of*
32 *Division 6 of the Water Code.*

33 *(b) The Department of Water Resources may only allocate*
34 *funds pursuant to subdivision (a) if it determines that the*
35 *allocation meets the requirements set forth in Article 4*
36 *(commencing with Section 79205.2) of Chapter 9 of Division 26.*